

The creation of the Bank of England is involved with both the political and fiscal history of the close of the seventeenth century.¹ England was behind Italy and Holland in the development of the mechanism of modern commerce, and the proposition to establish a banking system was sharply resisted by Gerard Malynes, who published in 1601 a *Treatise of the Canker of England's Commonwealth*. Malynes described the Continental method of banking with a fairness, and precision which enable its leading features to be readily understood, in spite of his opinion that payments by the banks by transfers upon their books were (* almost or rather altogether imaginative or figurative." * English merchants, deposited their cash for a time in London Tower, but £120,000 was seized by Charles I., in 1640, and only repaid after violent protests and long delay.² The goldsmiths then became the bankers for the community and paid interest for the money left in their custody. There was much opposition to the new system at first and, strange to say, one of the last to adhere to the old method of keeping his cash in a strong box at home was Sir Dudley North, one of the most, progressive thinkers on political economy of his time. As Macaulay graphically recounts North's experience, " He found that he could not go on Change without being followed around the piazza by goldsmiths, who, with low bows, begged to have the honor of serving him. He lost his temper when his friends asked where he kept his cash. * Where should I keep it/ he asked, 'but in my own. house?'³

While commerce was coming to feel more and more the* need of a banking institution, the government was also feeling the necessity of some method of raising money beyond the precarious plan of sending agents to individual merchants to see what they would lend. The historic legend that King James I. attempted out of a spirit of pure wantonness to levy excessive and unusual taxes upon the people of

¹ Cunningham, II., 98.

² MacLeod, *Theory and Practice of Banking*, I, 435.

³ *History of England*, Chap, xx.